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**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEVADA**

In re:

STATION CASINOS, INC.

- ☐ Affects this Debtor
☒ Affects all Debtors
☐ Affects Northern NV Acquisitions, LLC
☐ Affects Reno Land Holdings, LLC
☐ Affects River Central, LLC
☐ Affects Tropicana Station, LLC
☐ Affects FCP Holding, Inc.
☐ Affects FCP VoteCo, LLC
☐ Affects Fertitta Partners LLC
☐ Affects FCP MezzCo Parent, LLC
☐ Affects FCP MezzCo Parent Sub, LLC
☐ Affects FCP MezzCo Borrower VII, LLC
☐ Affects FCP MezzCo Borrower VI, LLC
☐ Affects FCP MezzCo Borrower V, LLC
☐ Affects FCP MezzCo Borrower IV, LLC
☐ Affects FCP MezzCo Borrower III, LLC
☐ Affects FCP MezzCo Borrower II, LLC
☐ Affects FCP MezzCo Borrower I, LLC
☐ Affects FCP PropCo, LLC

Chapter 11

Case No. BK-09-52477
Jointly Administered
BK 09-52470 through BK 09-52487

**DECLARATION OF DANIEL
ARONSON IN SUPPORT OF
DEBTORS' MOTION FOR ENTRY OF
ORDER ESTABLISHING BIDDING
PROCEDURES AND DEADLINES
RELATING TO SALE PROCESS FOR
SUBSTANTIALLY ALL OF THE
ASSETS OF STATION CASINOS, INC.
AND CERTAIN "OPCO"
SUBSIDIARIES**

Hearing Date: May 5, 2010
Hearing Time: 10:00 a.m.
Place: 300 Booth Street
Reno, NV 89509

Daniel Aronson, being duly sworn according to law, upon his oath, deposes and says:

1. I am a Managing Director of Lazard Frères & Co. LLC ("Lazard"), which has its principal office at 30 Rockefeller Plaza, New York, New York 10020.

2. I am authorized on behalf of Lazard to submit this declaration (the "Declaration") in support of the *Debtors' Motion for Entry of Order Establishing Bidding Procedures and Deadlines Relating to Sale Process for Substantially All of the Assets of Station*

1 *Casinos, Inc. and Certain "Opco" Subsidiaries*, dated April 7, 2010 (the "Motion")¹ filed by
2 debtor and debtor in possession Station Casino, Inc. ("SCI") and its affiliated debtors and debtors
3 in possession (collectively, the "Debtors") in the above-captioned chapter 11 cases (the "Chapter
4 11 Cases").

5 3. Unless otherwise stated, all facts and circumstances set forth in this
6 Declaration are based upon my personal knowledge, my discussions with other members of the
7 Lazard team, discussions with Debtors' senior management, my review of relevant documents or
8 my opinion based upon my experience and knowledge of the financial restructuring. If I were
9 called upon to testify, I could and would testify competently to the facts set forth herein.

10 4. Lazard is the US operating subsidiary of a preeminent international
11 financial advisory and asset management firm. Lazard, together with its predecessors and
12 affiliates, has been advising clients around the world for over 150 years. Lazard has dedicated
13 professionals who provide restructuring services to its clients. The current managing directors,
14 directors, vice presidents and associates of Lazard have extensive experience working with
15 financially troubled companies in complex financial restructurings out-of-court and in Chapter
16 11 proceedings and with sales of assets under section 363 of the Bankruptcy Code. Lazard and
17 its principals have been involved as advisor to debtor, creditor and equity constituencies and
18 government agencies in many reorganization cases. Since 1990, Lazard's professionals have
19 been involved in over 250 restructurings, representing over \$1 trillion in debtor assets.

20 5. As the Court is aware, Lazard was retained to represent the Debtors as
21 financial advisor and investment banker in the Chapter 11 Cases. *See Order, Pursuant to 11*
22 *U.S.C. §§ 327(a) and 328(a), and Fed. R. Bankr. P. 2014 Authorizing Employment and Retention*
23 *of Lazard Frères & Co LLC as Financial Advisor and Investment Bankers for the Debtors*
24 *entered on September 18, 2009 [Docket No. 326].* As Court-retained financial advisor and
25 investment banker to the Debtors, Lazard has provided the Debtors with various restructuring
26 advisory services in the Chapter 11 Cases including, but not limited to: (a) reviewing and
27

28 ¹ Capitalized terms not otherwise defined herein shall have the meanings ascribed in the Motion or in the
Bidding Procedures annexed as Exhibit 1 to the Motion, as applicable.

1 analyzing the Debtors' business, operations and financial projections; (b) evaluating the Debtors'
2 potential debt capacity in light of its projected cash flows; (c) assisting in the determination of a
3 range of values for the Debtors' businesses on a going concern basis and in preparing financial
4 information for inclusion in the Debtors' disclosure statement; (d) advising the Debtors on
5 strategies for restructuring the Debtors' business and maximizing recovery to the Debtors'
6 creditors and equity interest holders; (e) rendering financial advice to the Debtors and
7 participating in meetings or negotiations with major stakeholders and other appropriate parties;
8 (f) assisting the Debtors and Debtors' counsel in evaluating the benefits of a sale of, and the
9 decision to sell, the Opco Assets and formulating the Bidding Procedures and the Bidding
10 Process; and (g) providing the Debtors with other financial restructuring advice.

11 6. I am one of the principal managing directors at Lazard providing services
12 to the Debtors. By virtue of such role, I am familiar with the business operations, assets and
13 financial affairs of the Debtors and, in particular, with the Debtors' decision to sell all or
14 substantially all of the assets of SCI and certain of its "Opco" debtor and non-debtor wholly-
15 owned subsidiaries – as more fully described in the Motion and the Exhibit annexed thereto
16 (collectively, the "Opco Assets"). I actively participated, along with Debtors' counsel and the
17 other members of Lazard, in the formulation of the Bidding Procedures and Bidding Process
18 which are the subject of the Motion. Furthermore, after the Bidding Procedures are approved by
19 this Court, as part of its services to the Debtors, Lazard will, together with the Debtors and
20 Debtors' counsel conduct the Sale of the Opco Assets.

21 7. Pursuant to the Bidding Procedures, the Opco Group will offer for sale all
22 or substantially all of the Opco Assets. The Propco Assets, including the Excluded Assets, will
23 not be included in the Sale. The Excluded Assets consist entirely of assets that are to be
24 transferred to Propco or New Propco under the Joint Plan and/or pursuant to the Master Lease
25 Compromise Agreement and all amendments thereto approved by the Bankruptcy Court.

26 8. As advisors to the Debtors, Lazard believes that the Debtors' estates will
27 realize maximum value for the Opco Assets through an arms' length Sale of all or substantially
28 all of the Opco Assets to a third-party buyer. Moreover, based on publicly reported statements

1 that have been made by potential third-party purchasers,² Lazard believes that the sale to a single
 2 buyer of all or substantially all of the Opco Assets is a likely possible outcome of the proposed
 3 Bidding Process. However, in recognition of the fact that other third-parties may prefer to
 4 acquire only a portion or portions of the Opco Assets, Lazard has worked with the Debtors to
 5 ensure that the Bidding Procedures allow the Debtors to entertain, in their discretion: (i) bids for
 6 all or any portion or portions of the Opco Assets; and (ii) Joint Bids for all, substantially all or
 7 portions of the Opco Assets.³

8 9. As a result of this flexibility, Lazard believes that the Bidding Procedures
 9 will provide all potentially interested third parties with ample opportunity to formulate bids for
 10 the Opco Assets and will facilitate the solicitation, submission and evaluation of significant bids
 11 for the Opco Assets in a manner that will maximize the value of the Opco Assets for the Debtors'
 12 estates. In addition, as the Court is aware, the Debtors have been engaged in restructuring
 13 discussions of one form or another for nearly fifteen months. During that time, the Debtors and
 14 their advisors have received inquiries from several potential purchasers of Opco Assets. As part
 15 of the Bidding Procedures, the Debtors and their advisors intend to contact all such parties to
 16 advise them of the potential opportunity to acquire some or all of the Opco Assets at this time.
 17 In addition, if the Court approves the Bidding Procedures, the Debtors will promptly publish
 18 notice of the Bidding Procedures in The Wall Street Journal and The Las Vegas Review-Journal.

21 ² On March 25, 2010, in a public statement to the national news media, representatives for Boyd Gaming
 22 Corporation stated "We remain interested in acquiring all of Station's assets and continue to believe that Boyd
 23 Gaming is in the best position to offer maximum value to Station's creditors, and to protect the interests of its
 24 employees, customers and the Las Vegas community." Oskar Garcia, Article, *Station Proposes Selling 14 Casinos*
 25 *Through Court*, Associated Press, Mar. 25, 2010 (emphasis added). On the same date, in a similarly public
 26 statement, representatives of Fertitta Gaming stated (in reference to the Opco Assets) "Frank and Lorenzo Fertitta
 remain keenly interested in these properties and Fertitta Gaming would like to aggressively pursue the acquisition of
 these assets." Anthony Palazzo, Article, *Station Owners Propose to Keep Stake in Four Casinos*, Business Week,
 Mar. 25, 2010. Frank Fertitta III is the Chairman of the Board and Chief Executive Officer of SCI and Lorenzo
 Fertitta is the former President of SCI. Both Frank Fertitta III and Lorenzo Fertitta are also members of SCI's Board
 of Directors.

27 ³ As is described in greater detail in the Bidding Procedures, in the event that any casino property is sold
 28 separately (or as part of a group that consists of less than all of the Opco Assets), all customer data for customers
 whose primary casino play is at that property ("Primary Customer Data") shall be sold to the Successful Bidder for
 that property on an exclusive basis. Were the Bidding Procedures to provide otherwise, Lazard and the Debtors
 believe that a potential buyer would be disincented to pay a fair price for an individual casino property.

1 10. Lazard also believes that the Bidding Procedures constitute a reasonable
2 and effective method of maximizing a return on the Opco Assets through a competitive, fair and
3 open sale process. Among other things, the Bidding Procedures:

- 4 • fully describe the Opco Assets to be auctioned, the manner in which prospective
5 bidders may gain access to or continue to have access to due diligence materials
6 concerning the Opco Assets, the manner in which bidders and bids become Qualified
7 Bidders and Qualified Bids, respectively, the receipt and negotiation of bids received,
8 the conduct of any subsequent Auction, the ultimate selection of the Successful
9 Bidder, and the Bankruptcy Court's approval thereof, among other aspects of the
10 Auction process;
- 11 • make clear that the Opco Assets will be sold "as is" free and clear of all claims, liens,
12 interests and encumbrances;
- 13 • specify that they will be conducted by the Debtors simultaneous to, and in furtherance
14 of, the solicitation and confirmation of the Joint Plan; and
- 15 • make clear that the Debtors, after consultation with Lazard and their legal advisors:
16 (a) may waive any requirements for a Potential Bidder to become a Qualified Bidder;
17 (b) may waive any requirements for a bid to become a Qualified Bid; (c) after each
18 round of bidding at the Auction may determine which Qualified Bid, if any, is the
19 highest or otherwise best offer and the value thereof; (d) may reject, at any time, any
20 bid that it deems to be: (i) inadequate or insufficient; (ii) not in conformity with the
21 requirements of the Bankruptcy Code, the Bidding Procedures, or any other orders
22 applicable to one or more Debtors, or the terms and conditions of the Sale; or (iii)
23 contrary to the best interests of the Debtors, their estates, and stakeholders as
24 determined by the Debtors; (e) may impose additional terms and conditions and
25 otherwise modify the Bidding Procedures at any time; (f) withdraw from sale any
26 Opco Assets at any time and make subsequent attempts to market the same; and (g)
27 reject all bids.

28 11. Based on the foregoing facts and based on my experience participating in
and conducting sales of assets pursuant to section 363 of the Bankruptcy Code and/or in
conjunction with confirmation of a plan, I believe, under the circumstances present in the
Chapter 11 Cases and the current economic climate, that the Bidding Procedures will facilitate
the solicitation, submission and evaluation of significant bids for the Opco Assets and that the
Bidding Procedures constitute a reasonable and effective method of maximizing a return on the
Opco Assets through a competitive sale process.

1 I declare under penalty of perjury under the laws of the United States of America that the
2 foregoing is true and correct.

3 Executed this 7th day of April, 2010, in New York, New York.

4
5 By:


Daniel Aronson